

ORIGINAL

# OPEN MEETING



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## MEMORANDUM

Arizona Corporation Commission

DOCKETED

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*[Signature]*

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: December 1, 2010

RE: IN THE MATTER OF THE APPLICATION OF COX ARIZONA TELCOM, L.L.C.  
TARIFF FILING TO REVISE CHECK SHEETS AND MRC LINE AND MAX  
RATES (DOCKET NO. T-03471A-10-0360)

On August 31, 2010, Cox Arizona Telcom, L.L.C. ("Cox") filed tariff revisions to increase a rates in its Arizona CC Tariff No. 1. The filing seeks to increase Cox's local access line business flat rate service maximum and monthly recurring rates from \$30 to \$32: On September 21, 2010, Cox requested a delay in Staff's review of Cox's application to allow customer notices to be properly scheduled.

Since this filing increases the maximum rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Service Rules, Arizona Administrative Code Rule ("A.A.C.") R14-2-1110 applies to Cox's proposal. Cox provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing.

Cox provided Staff with confidential information estimating the incremental annual revenues and the number of business customers impacted by the proposed tariff change. The number of business customer impact is estimated to below 1,000 as only business customers who have not entered into term agreements will be impacted by changes to Cox's month-to-month rate. The corresponding incremental annual revenue effect of the proposed tariff change is estimated to below \$15,000. The proposed tariff change will impact less than 5% of the Cox's total business customer base. When compared to the total intrastate revenues reported by Cox in its 2009 Annual Report, the increment revenue increase associated with the proposed tariff changes is less than 1 percent

An Affidavit of Notification associated with the customer notice was provided to Staff on October 20, 2010 confirming that customers impacted by the proposed increase were notified during the October 15<sup>th</sup> – November 15<sup>th</sup>, 2010 billing cycle. The notice informed customers that Cox has requested that the Commission approve these changes effective on December 1, 2010 and that the change will become effective only upon approval by the Commission.

The rates contained in this filing are for services that have been classified as competitive by the Commission and are subject to the Commission's Competitive Telecommunications services rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Because of the nature of the competitive market and other factors, a

THE COMMISSION

December 1, 2010

Page 2

fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information of Cox by reviewing Cox's 2009 Annual Report, it did not accord that information substantial weight in its analysis of this matter.

RECOMMENDATION

Staff recommends approval of this filing.



for Steven M. Olea  
Director  
Utilities Division

SMO:AFF:lhmk/KR

ORIGINATOR: Armando Fimbres

1  
2 **BEFORE THE ARIZONA CORPORATION COMMISSION**

3 KRISTIN K. MAYES

Chairman

4 GARY PIERCE

Commissioner

5 PAUL NEWMAN

Commissioner

6 SANDRA D. KENNEDY

Commissioner

7 BOB STUMP

Commissioner

8 IN THE MATTER OF THE APPLICATION }  
9 OF COX ARIZONA TELCOM, L.L.C. }  
10 TARIFF FILING TO REVISE CHECK }  
11 SHEETS AND MRC LINE AND MAX }  
12 RATES }  
13

DOCKET NO. T-03471A-10-0360

DECISION NO. \_\_\_\_\_

ORDER

14 Open Meeting  
15 December 14 and 15, 2010  
16 Phoenix, Arizona

17 BY THE COMMISSION:

18 FINDINGS OF FACT

19 1. On August 31, 2010, Cox Arizona Telcom, L.L.C. ("Cox") filed tariff revisions to  
20 increase a rates in its Arizona CC Tariff No. 1. The filing seeks to increase Cox's local access line  
21 business flat rate service maximum and monthly recurring rates from \$30 to \$32:

22 2. On September 21, 2010, Cox requested a delay in Staff's review of Cox's  
23 application to allow customer notices to be properly scheduled.

24 3. Since this filing increases the maximum rate for a component of a service that has  
25 been classified as competitive under the Commission's Competitive Telecommunications Service  
26 Rules, Arizona Administrative Code Rule ("A.A.C.") R14-2-1110 applies to Cox's proposal. Cox  
27 provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential  
28 effects of approval of the filing.

4. Cox provided Staff with confidential information estimating the incremental annual revenues and the number of business customers impacted by the proposed tariff change. The number of business customer impact is estimated to below 1,000 as only business customers who have not entered into term agreements will be impacted by changes to Cox's month-to-month rate.

5. The corresponding incremental annual revenue effect of the proposed tariff change is estimated to be below \$15,000. The proposed tariff change will impact less than 5% of the Cox's total business customer base. When compared to the total intrastate revenues reported by Cox in its 2009 Annual Report, the incremental revenue increase associated with the proposed tariff changes is less than 1 percent.

6. An Affidavit of Notification associated with the customer notice was provided to Staff on October 20, 2010 confirming that customers impacted by the proposed increase were notified during the October 15th – November 15th, 2010 billing cycle. The notice informed customers that Cox has requested that the Commission approve these changes effective on December 1, 2010, and that the change will become effective only upon approval by the Commission.

7. The rates contained in this filing are for services that have been classified as competitive by the Commission and are subject to the Commission's Competitive Telecommunications services rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information of Cox by reviewing Cox's 2009 Annual Report, it did not accord that information substantial weight in its analysis of this matter.

8. Staff has recommended approval of this filing.

## CONCLUSIONS OF LAW

1. Cox Arizona Telcom, L.L.C. is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

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2. The Commission has jurisdiction over Cox Arizona Telcom, L.L.C. and over the subject matter of this Application.

3. The Commission, having reviewed the tariff pages (copies of which are contained in the Commission's tariff files) and Staff's Memorandum dated December 1, 2010, concludes the tariff filing is reasonable, fair and equitable, and is therefore in the public interest.

ORDER

IT IS THEREFORE ORDERED that this tariff filing by Cox Arizona Telcom, L.L.C. be and hereby is approved.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:AFF:lhmkR

Decision No. \_\_\_\_\_

SERVICE LIST FOR COX ARIZONA TELCOM, L.L.C.  
DOCKET NO. T-03471A-10-0360

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Phoenix, Arizona 85027

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Arizona Corporation Commission  
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